

July 29, 2005

1120 Stakeholders

We are pleased to announce that we are posting the first draft of the Tax Year (TY) 2005 XML schemas (version 2005v1.0) that we refer to as Release 3.2 on our website. These schemas focus on the new tax year form and tax law changes that have occurred. Publication 4162, Modernized e-File Test Package for Forms 1120/1120S For Tax Year 2005 will be published on the website by the end of August. We anticipate Assurance Testing (ATS) to begin November 7, 2005.

XML Schemas

The schemas we are presenting today are the first draft of Tax Year 2005 XML schemas for all 1120/1120S/7004 forms and schedules (new version 2005v1.0). The schemas are posted in the **ATS System** table on the current valid schema chart posted to irs.gov at <http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>. As mentioned in the July 2005 software developer's conference call, changes to the transmission format will also impact the TY 2003 (new version 2003v2.4) and TY 2004 (new version 2004v4.2) schemas beginning with ATS testing on November 7th. Also included are the "Diff Files" that show the changes from the previous schema versions. The **Production System** table contains the current valid schemas for Forms 1120, 1120S and 7004 that are still being used to process TY 2003 and 2004 tax returns and TY 2004 timely-filed extensions.

Business Rules

Release 3.2 Business Rules for TY 2005 (new version 2005v1.0) are posted in two different formats that contain identical information – Adobe (.pdf) and a comma-separated file (.csv). A column within the file identifies changes made from the last posted version to help clarify what changes were made. The new business rules are posted in the **ATS System** table on the current valid schema chart posted to irs.gov at <http://www.irs.gov/taxpros/providers/article/0,,id=97626,00.html>. Changes to the transmission format also impacts the TY 2003 (new version 2003v2.4) and TY 2004 (new version 2004v4.2) beginning with ATS testing on November 7th. As with the XML schemas, current valid Business Rules for TY 2003 and TY 2004 are shown in the **Production System** table.

Key Changes

Under new Treasury Regulations, Corporations with gross assets of \$50 million or more, that also file at least 250 returns a year, are required to electronically file their Tax Year 2005 returns. Consequently, we are in the process of revising the list of exclusions as outlined in our publications. We now accept:

- 52-53 week filers (changes are included in version 2005v1.0)
- Short period returns (any changes will be included in the next version)
- Final returns (any changes will be included in the next version)

At a later date, we will publish one instance document that can be used for TY 2003, 2004 and 2005.

As always if you have any questions or comments, please contact us through the Topica group or the ETA 1120 Team at 1120@irs.gov. You can also contact Xan Ostro at (202) 283-7697 or Joan Barr from the ETA team at (202) 283-2572. For questions on 7004, you can contact Linda Lateef from the ETA team at (202) 283-0014.